



## U.S.-PANAMA TRADE PROMOTION AGREEMENT South Dakota Farmers Will Benefit

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The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of South Dakota's agricultural products, including beef, feed grains, and soybeans. South Dakota's agricultural exports, estimated at \$2.4 billion in 2010, supported roughly 20,200 jobs, on and off the farm. These export sales make an important contribution to the South Dakota farm economy, which had total cash receipts of \$7.7 billion in 2010.

### Feed Grains

#### Corn

- Panama will provide immediate duty-free access for corn with a 298,700-ton tariff-rate quota (TRQ) that will grow 3 percent annually. The 40-percent over-quota tariff will be eliminated in 15 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately. For refined corn oil, Panama will provide immediate duty-free access within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff on refined corn oil will be phased out within 10 years.

#### Sorghum

- Panama will eliminate its 15-percent tariff on sorghum in 5 years.

### Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

### Soybeans and Products

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

## Wheat

- Panama's current zero-tariff treatment for wheat will be locked in place immediately upon implementation of the agreement.
- The 10-percent tariff on wheat flour will be eliminated within 12 years.

<b>South Dakota</b> <b>Principal Agricultural Products and Exports, 2010</b>		
<b>Product</b>	<b>Cash Receipts</b> (2010 calendar year)	<b>Exports</b> (2010 fiscal year)
<b>Total</b>	<b>\$7.7 billion</b>	<b>\$2.4 billion</b>
Feed Grains	\$2.1 billion	\$513 million
Cattle and Beef	\$2.0 billion	\$130 million
Soybeans and Soybean Products	\$1.6 billion	\$1.0 billion
Wheat and Wheat Products	\$657 million	\$328 million
	Source: USDA-NASS	Source: USDA-ERS

*For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*